

SYGNUS | CREDIT INVESTMENTS



Q2 Earnings Call

WEDNESDAY

FEBRUARY

16

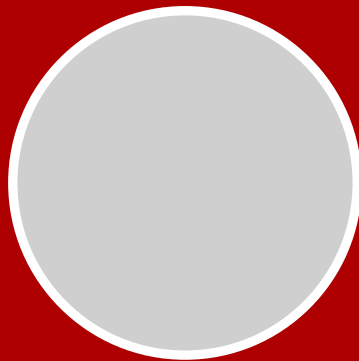
2022

@10:00AM

An Alternative Investment Company | Rated jmBBB / Stable by CariCRIS

SYGNUS





SCI FINANCIAL HIGHLIGHTS – 6 MONTHS ENDED DEC 2021

PERFORMANCE HIGHLIGHTS: 6 MONTHS DEC 2021

SCI continued to deliver strong growth in its core operations with record net profits and total investment income for the 6 month period

Record Net Profits

US\$2.46M

Up 95.2%

US\$1.26M 6 Mth Dec 2020

Record Total Investment Income

US\$3.70M

Up 37.6%

US\$2.69M 6 Mth Dec 2020

Record Net Investment Income

US\$2.28M

Up 36.2%

US\$1.68M 6 Mth Dec 2020

Earnings per Share

US 0.42¢

US 0.36¢ 6 Mth Dec 2020

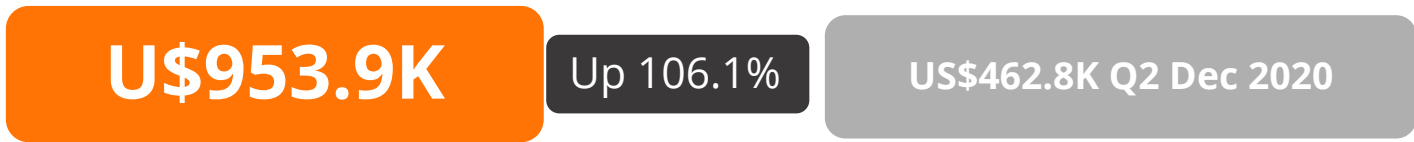
Dividend to be considered on Feb 22, 2022



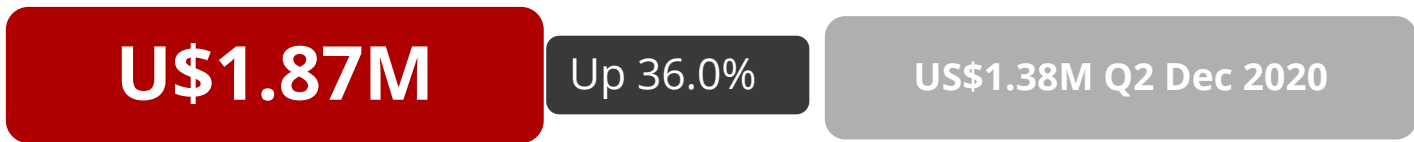
PERFORMANCE HIGHLIGHTS Q2 DEC 2021

SCI generated a 106.1% increase in Net Profits and record Core Revenues or Total Investment Income for the quarter

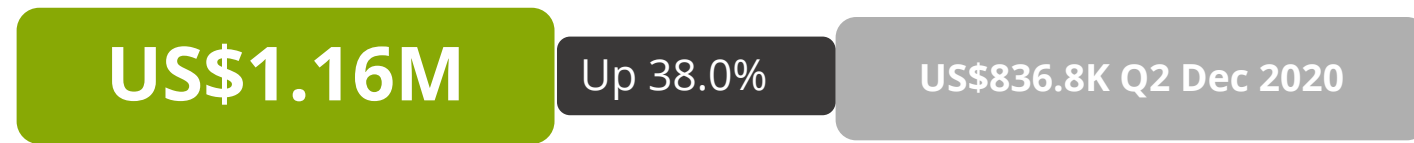
Net Profits



Record Total Investment Income



Record Net Investment Income

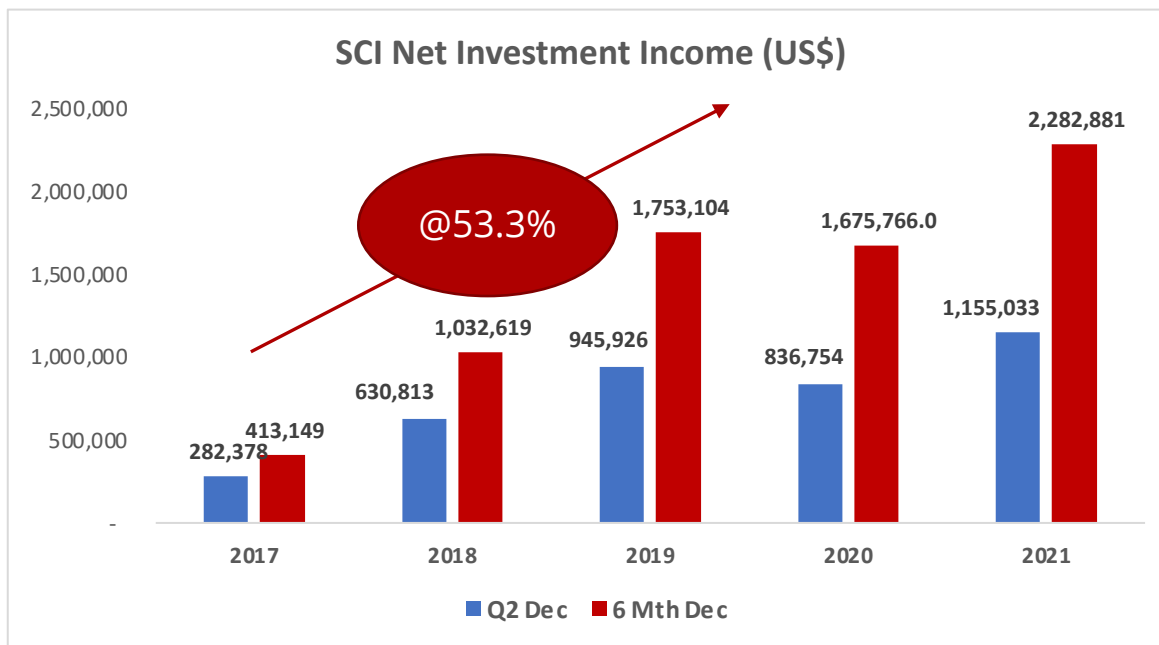
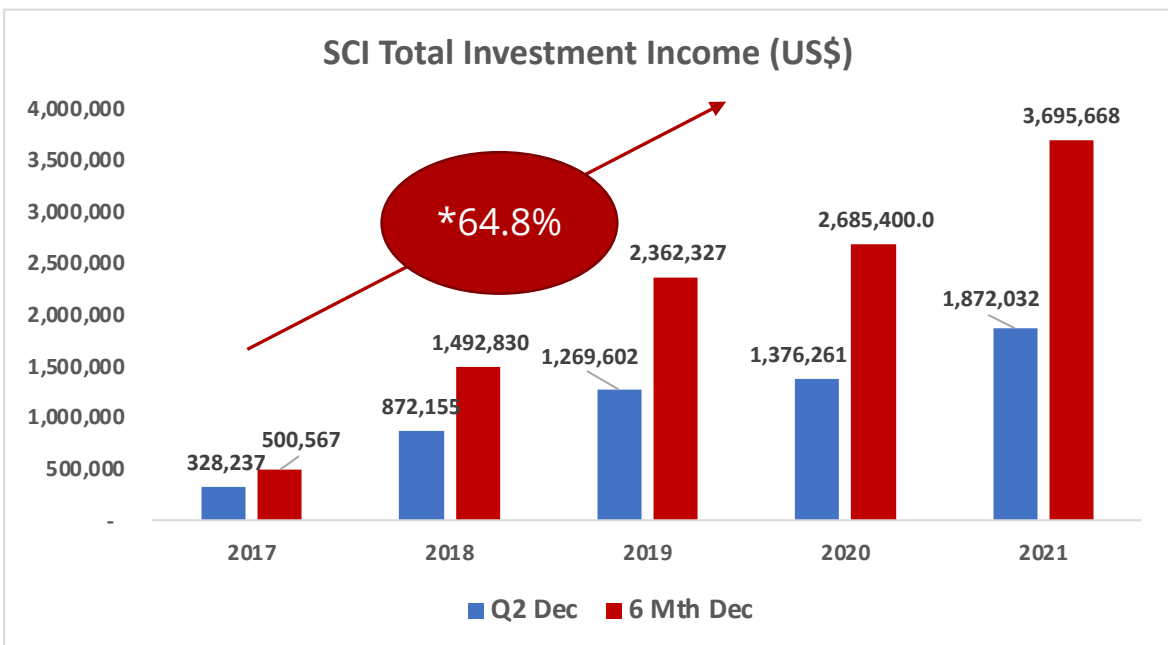


Earnings Per Share



CORE REVENUES AND CORE EARNINGS

Since Inception: Total Investment Income *CAGR of 64.8% and Net Investment Income @CAGR of 53.3%

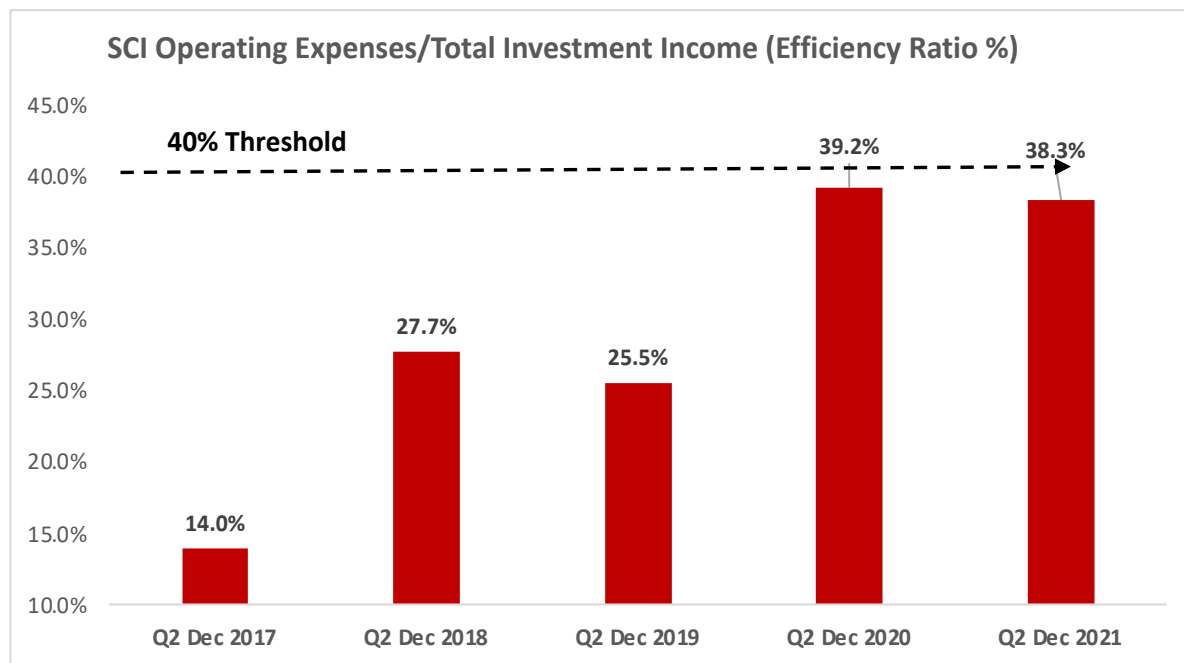


- Since inception, Total Investment Income has increased at a ***CAGR of 64.8%** to US\$3.7M (54.5% to US\$1.9M Q2). Similarly, Net Investment Income has increased at a **@CAGR of 53.3%** to US\$2.3M (42.2% to US\$1.2M Q2).
- Since inception, net investment income has consistently **averaged at least 98% of Total Investment Income**, highlighting the stability of core earnings.

RESULTS OF OPERATIONS

	Q2 Dec 2021	Q2 Dec 2020	6 Mth Dec 2021	6 Mth Dec 2020	FYE Jun 2021
Summary Results of Operations	US\$	US\$	US\$	US\$	US\$
Interest Income	2,462,210	1,903,983	4,701,857	3,602,671	8,221,661
Interest Expense	(603,233)	(565,758)	(1,019,244)	(978,304)	(1,797,459)
Net Interest Income	1,858,977	1,338,225	3,682,613	2,624,367	6,424,202
Participation and Commitment Fees	13,055	38,036	13,055	61,033	62,786
Total Investment Income	1,872,032	1,376,261	3,695,668	2,685,400	6,486,988
Total Operating Expenses	716,999	539,507	1,412,787	1,009,634	2,726,931
Net Investment Income	1,155,033	836,754	2,282,881	1,675,766	3,760,057
Gain (Loss) on Sale of Investments	-	-	-	-	24,175
Fair Value Gain (Loss)	(75,617)	(216,517)	373,148	(168,773)	1,416,793
Net Foreign Exchange Loss	(26,699)	(15,753)	(37,024)	(49,951)	(72,988)
Impairment Allowance on Fin. Assets	(96,884)	(141,728)	(126,032)	(196,446)	(69,710)
Profit for the Period	955,833	462,756	2,492,973	1,260,596	5,058,327
Taxation Charge	(1,899)	-	(32,122)	-	(30,010)
Profit Attributable to Shareholders	953,934	462,756	2,460,851	1,260,596	5,028,317
Earnings Per Share	0.16¢	0.13¢	0.42¢	0.36¢	1.11¢
Net Investment Income Per Share	0.20¢	0.23¢	0.39¢	0.47¢	0.83¢

EFFICIENCY AND MANAGEMENT EXPENSE RATIOS



- Total Operating Expenses as a percentage of Total Investment Income (***Efficiency Ratio***) was **38.3%** for Q2 Dec '21, vs 39.2% last year, remaining within the **target threshold of 40%**.
- Total Operating Expenses as a percentage of Total Assets Under Management or ***Management Expense Ratio (MER)*** was **2.6%** vs 2.8% the prior year, within the **target threshold level of 2.85%**.

BALANCE SHEET SUMMARY: ASSETS

Shareholder's equity increased by US\$29.59M, driven primarily by net proceeds of US\$25.78M from the APO in January 2021. Total Assets rose to a record US\$110.34M driven by multi-series dual currency notes which raised net proceeds of US\$26.96M

Shareholders' Equity

US\$67.65M

Up 77.7%



Total Assets

US\$110.34M

Up 53.9%

BALANCE SHEET KPI'S

Lowly Leveraged Balance Sheet Provides Opportunity to Optimize Shareholder Value by Increasing the use of Debt

- Increased net interest margin
- Extended debt maturity profile

0.38x

0.45x

Debt/Total Assets

Limit <0.50x

1.94x

1.73x

Asset Coverage Ratio

Target >1.50x
Key metric when
looking at ability to
repay debt

0.61x

0.84x

Debt/Equity

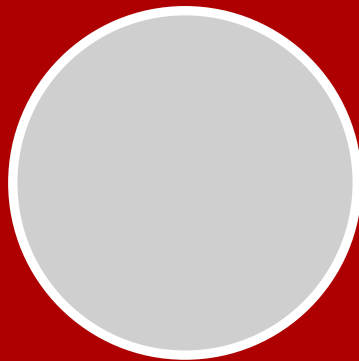
Target <1.25x

Limit < 2.00

100%

Pure Financial Assets

* Not a KPI per se, but
highlights the ability to
convert assets to cash easily if
required to do so



SCI SUMMARY OF PORTFOLIO ACTIVITY – Q2 DEC 2021

SCI INVESTMENT ACTIVITY SUMMARY Q2 DEC 2021



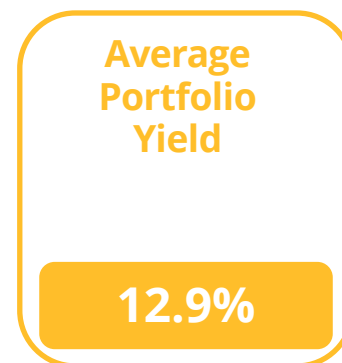
Up 31.3%



Down from 33



Vs US\$10.51M



Vs 11.9%



Vs 1.8



Vs US\$1.63M

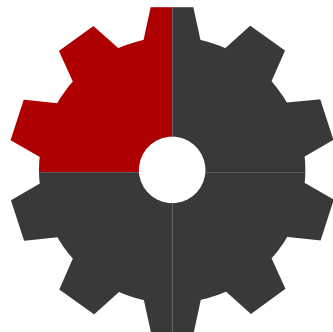
Quick Notes

- Investment exits: successfully exited US\$3.7M from two investments during the quarter.
- New investment commitments: deployed US\$15M post the end of the quarter (US\$10M is short term)
- Dry powder: additional US\$7M in undrawn credit lines, plus ~US\$10M in new notes. Board approved additional debt raise up to 1.15x debt/equity to fund expansion and growth.

PROACTIVE RISK MANAGEMENT

Preserve shareholder capital while creating value through disciplined investment strategy. Invested mainly in “sponsored” portfolio company investments. Minimize realized credit losses. Utilize a partnership approach.

Non-performing Investment Ratio



6.2%
Vs
2.1%

Stage 3 Assets



3
Vs
1

Realized Credit Losses



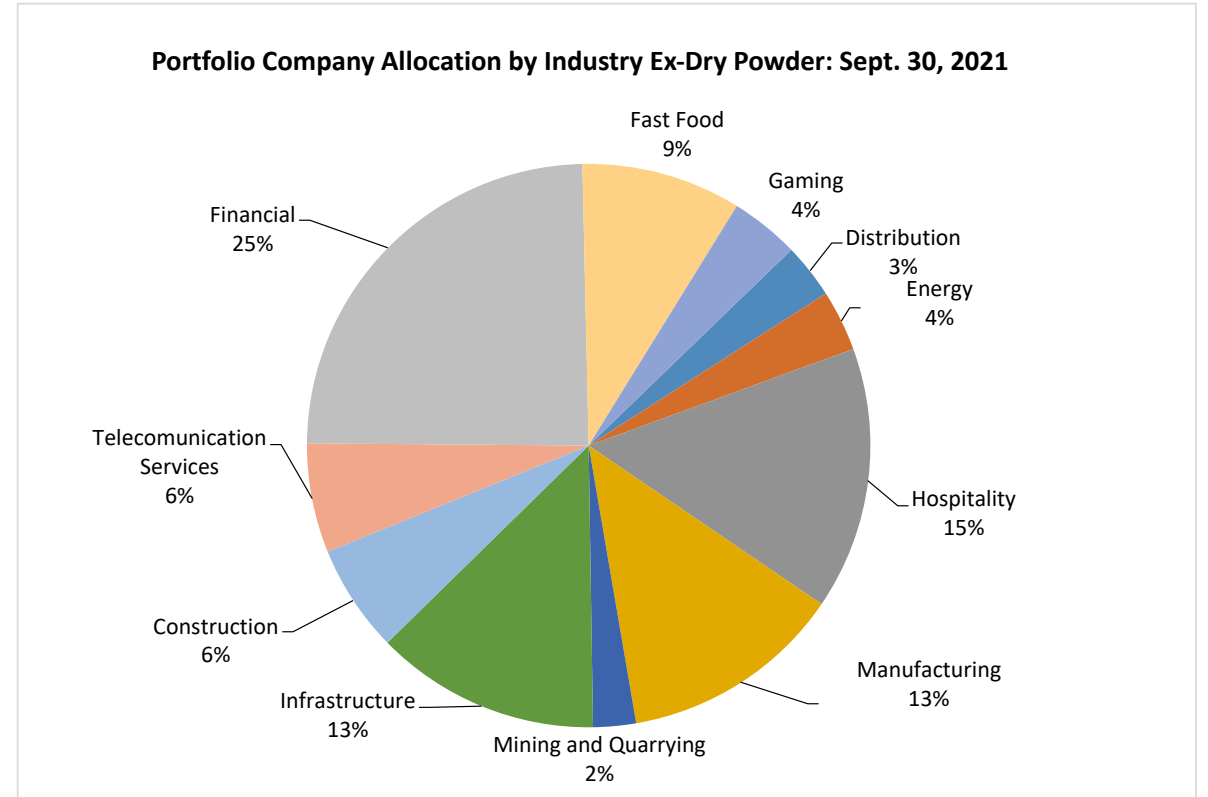
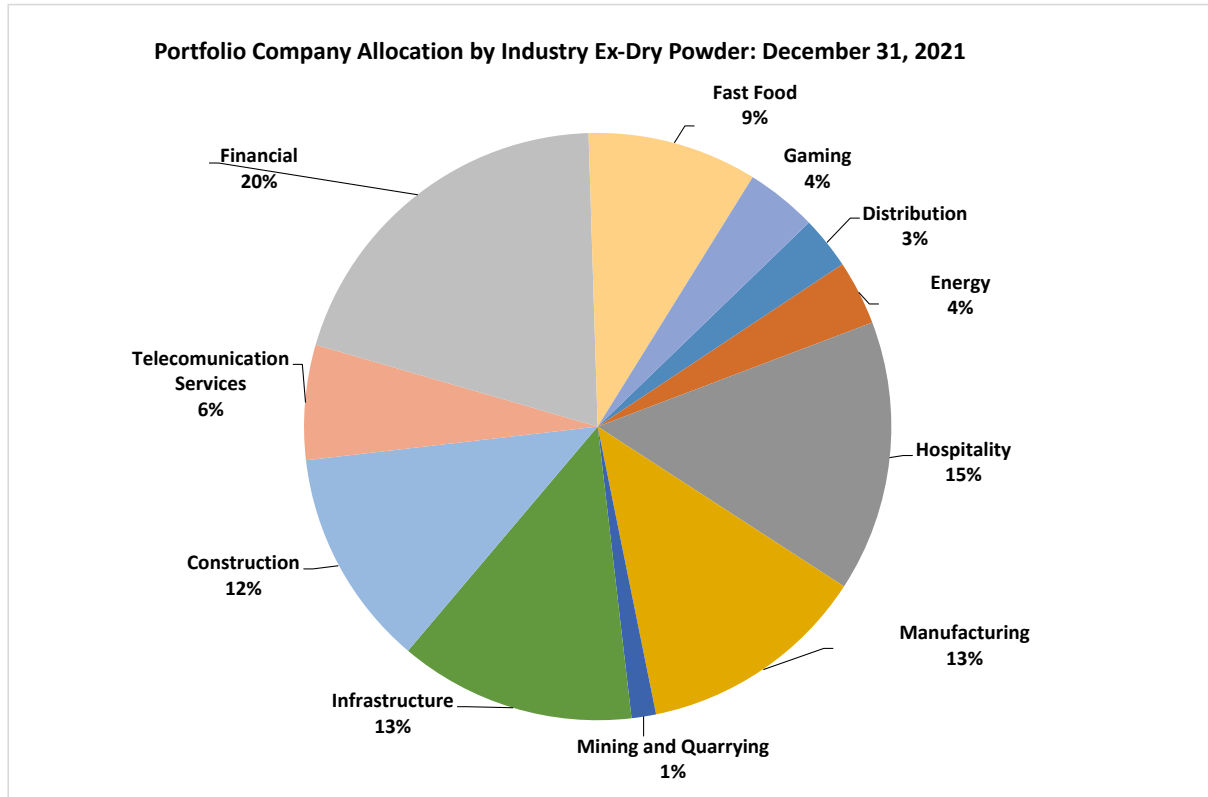
Nil
Vs
Nil

Quick Notes

- Non-performing investments (NPI) ratio: slightly above 5% threshold level. Expected to fall back within threshold of 5% by financial year end.
- Stage 3 Assets: All assets are collateralized. 1 Stage 2 asset fully repaid post end of quarter. All other assets are Stage 1.
 - Downside protection: US\$1M exposure structured with an external guarantee backed by real estate asset, where the discounted collateral is 1.85x SCI's investment. Thus, nil ECL on bankrupt PCI.

PORTFOLIO COMPANY ALLOCATION BY INDUSTRY

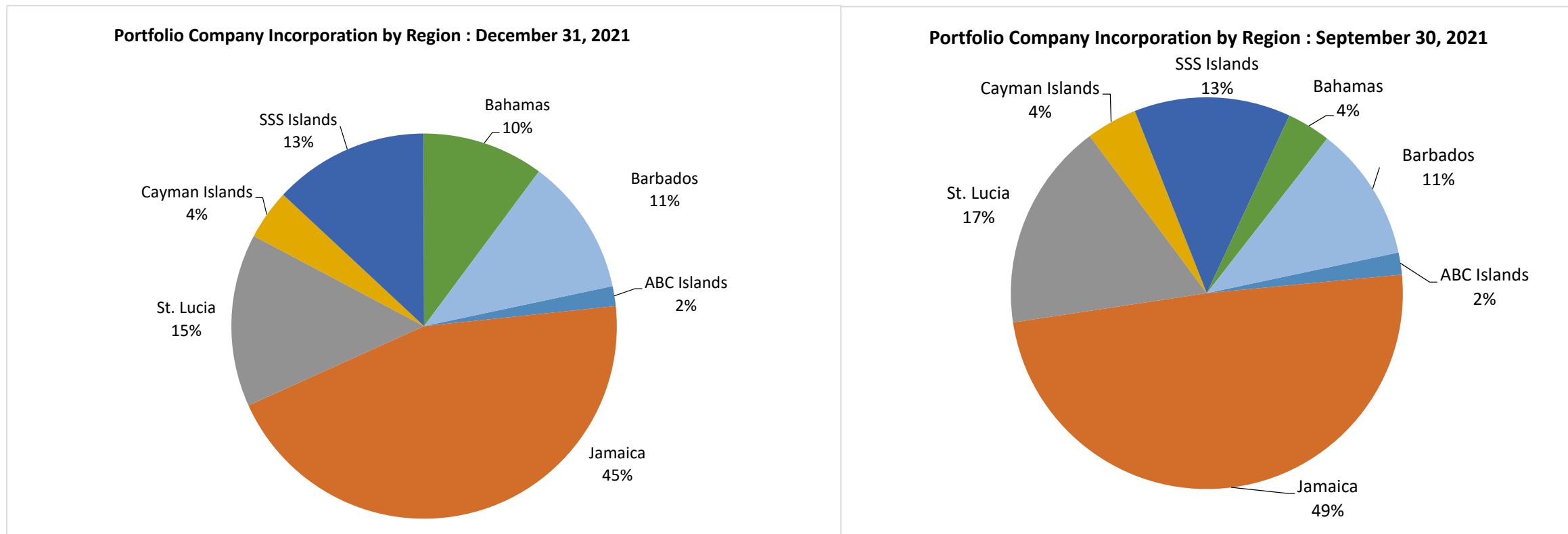
SCI's investments were diversified across 11 major industries, the same as the preceding quarter



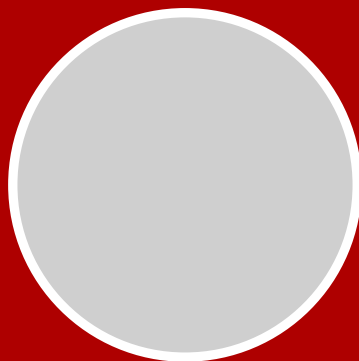
- Excluding Dry Powder, SCI's investments were mainly allocated to the Financial (20%), Hospitality (15%), Infrastructure (13%) and Manufacturing (13%) industries.
- Industry concentration remains below the targeted threshold level of 35%

PORTFOLIO COMPANY ALLOCATION BY REGION

SCI maintained its footprint across 7 Caribbean territories as at Q2 Dec '21



- Portfolio Companies from Jamaica remained the largest allocation, at 45%, down from 49% the preceding quarter, followed by St Lucia at 15% and the Dutch Caribbean SSS Islands of Saba, St Eustacius and St Martin at 13%. Of note, exposure to Bahamas increased from 4% to 10% due to the upsizing of one transaction



OUTLOOK AND STRATEGIC FOCUS

STRATEGY: WORK IN PROGRESS

Leveraging its 4.5 Year Track Record to Break Through New Barriers to Enhance Shareholder Value

Complete Acrecent Acquisition in Puerto Rico

- 1
 - Regulatory Approval | **On Track**
 - Close Transaction
 - Integrate into SCI
 - Work with new Acrecent partners to increase value for SCI shareholders and increase ROE

Rescale and Reimagine SCI's Growth Path

- 2
 - Reset core revenue target (was US\$8M by Dec 2023) | **In Progress**
 - Set minimum annual double-digit ROE target and enhanced EPS
 - Increase annual dividends to shareholders

Strategic Partnerships

- 3
 - Build relationships with international financial partners | **Discussion stage**
 - Partnerships with global institutional asset managers (co-investment on global alternative investment themes such as impact investing / environmental, social and governance issues (ESG))

Share Buyback or Equivalent Program

- 4
 - Implement share buyback or equivalent program | **Discussion stage**

